

## Message Text

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ACTION EB-08

INFO OCT-01 NEA-11 ISO-00 SOE-02 AID-05 CEA-01 CIAE-00  
COME-00 DODE-00 DOE-15 H-01 INR-10 INT-05 L-03  
NSAE-00 NSC-05 OMB-01 PM-05 ICA-11 OES-07 SP-02  
SS-15 STR-07 TRSE-00 ACDA-12 /127 W  
-----000651 171622Z /43

P 161050Z MAY 78  
FM AMCONSUL ALEXANDRIA  
TO SECSTATE WASHDC PRIORITY 1736  
INFO AMEMBASSY CAIRO PRIORITY

LIMITED OFFICIAL USE SECTION 1 OF 2 ALEXANDRIA 0370

E.O. 11652: N/A  
TAGS: ETRA, ENRG, EG  
SUBJ: STATUS REPORT ON SUMED PIPELINE

REF: CAIRO 11159

FOLLOWING IS TEXT OF REPORT REQUESTED REFTEL:

1. GENERAL. THE ARAB PETROLEUM PIPELINES COMPANY IS AN  
EGYPTIAN JOINT STOCK COMPANY, KNOWN AS SUMED. ITS HEAD OFFICE  
IS LOCATED AT 9 RUE AMIN YEHIA STREET, ZIZINIA, ALEXANDRIA.  
THE AUTHORIZED CAPITAL OF THE COMPANY IS \$400 MILLION DIVIDED INTO  
40,000 SHARES OF COMMON STOCK OF \$10,000 EACH. SUBSCRIPTION  
TO THE CAPITAL STOCK WAS AS FOLLOWS:

	SHARES
ABU DHABI NATIONAL OIL COMPANY	6000
THE GENERAL PETROLEUM & MINERALS ORGANIZATION (S.ARBABIA)	6000
KUWAIT FOREIGN TRADING, CONTRACTING & INVESTMENT CO.	5690
KUWAIT INVESTMENT CO.	300
KUWAIT METAL PIPELINES MFG. CO.	10
(EGPC) EGYPTIAN GENERAL PETROLEUM CO.	20,000
QATAR NATIONAL PETROLEUM CORP.	2,000

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2. THE COMPANY CONSTRUCTED A DOUBLE PIPELINE FOR THE TRANSPORT  
OF OIL FROM THE GULF OF SUEZ TO THE MEDITERRANEAN SEA. THE  
FEASIBILITY STUDY FOR THE PROJECT WAS MADE BY THE CONSULTING  
HOUSE IMEG. THE TWO PIPELINES START AT EIN EL-SOKHNA ON THE  
GULF OF SUEZ, 50 KM SOUTH OF THE CITY OF SUEZ, AND TERMINATE  
AT SIDI KRIER WEST OF ALEXANDRIA. THE LENGTH OF EACH LINE IS  
320 KILOMETERS AND THE DIAMETER OF THE PIPES IS 42 INCHES.

IT IS DESIGNED TO TRANSPORT 80 MILLION TONS OF CRUDE OIL IN THE FIRST STAGE TO BE INCREASED TO 117 MILLION TONS WHEN A MEDIUM BOOSTER STATION IS INSTALLED NEAR CAIRO. THERE ARE TWELVE STORAGE TANKS AT EACH END OF THE PIPELINE WITH A CAPACITY OF 100,000 CUBIC METERS AND AN APPROXIMATE STORAGE CAPACITY OF ONE MILLION TONS AT EACH TERMINAL. THE STORAGE TANKS ARE PROVIDED WITH AUTOMATIC MEASUREMENT AND CENTRAL EQUIPMENT AS WELL AS SPECIAL SAFETY DEVICES. THE SINGLE BUOY MOORINGS WILL ACCOMMODATE CRUDE OIL TANDERS AS FOLLOWS:  
EIN EL-SOKHNA TERMINAL: TWO BUOY MOORINGS FOR ACCOMODATING TANKERS OF 270,000 DWT CAPACITY AND A THIRD FOR ACCOMODATING TANKERS OF 120,000 DWT CAPACITY.  
SIDI KRIER TERMINAL: TWO FOR ACCOMODATING TANKERS OF 270,000 DWT CAPACITY AND THREE FOR ACCOMODATING TANKERS OF 120,000 DWT. THE NETWORK IS CENTRALLY CONTROLLED BY COMPUTER. TOTAL COST OF THE PROJECT IS APPROXIMATELY \$500 MILLION.

3. THE COMPANY CONTRACTED WITH THE ITALIAN GROUP OF COMPANIES MONTUBI, CIMI, SAIPEM AND SNAM PROJETTI FORMING A JOINT VENTURE WHICH WAS REPRESENTED AND SPONSORED BY THE MONTUBI CO. THE CONTRACT WAS SIGNED APRIL 21, 1974, AND INDLUED A CLAUSE WHICH STIPULATED THAT THE PROJECT SHALL HAVE 80 MILLION M.T. INITIAL CAPACITY AND SHOULD BE COMPLETED WITHIN 30 MONTHS FROM DATE OF SIGNATURE. BECHTEL CORP PROVIDED TECHNICAL ASSISTANCE AND SUPERVISION. LIMITED OFFICIAL USE

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4. COST OF THE PROJECT -- MILLION \$  
A. BASIC COST OF CONTRACT WITH MAIN GROUP  
OF CONTRACTORS RESPONSIBLE FOR EXECUTION -- 348  
B. ADDITIONAL WORK AND SUPPLIES OUTSIDE  
SCOPE OF ORIGINAL CONTRACT -- 63  
C. ENGINEERING CONSULTANCY & SUPERVISION  
OF EXECUTION -- 15  
D. SUMED'D DIRECT EXPENDITURES -- 17  
TOTAL -- 443  
ADDITIONAL EXPENSES:  
A. PROVISIONS FOR ESCALATION 10  
B. COST OF POLLUTION PREVENTION UNIT 40  
C. COST OF COMPANY'S PREMISES 3  
D. CONTINGENCIES 4  
TOTAL 57  
GRAND TOTAL 500  
THE EXCESS COST WAS DUE TO THE INSTALLATION OF A POLLUTION PREVENTION UNIT ACCORDING TO INTERNATIONAL CONVENTION. THE ADDITIONAL \$100 MILLION WAS FINANCED THROUGH ARAB SOURCES.

5. DURING THE NINE MONTHS PRIOR TO THIS REPORT, TWENTY MILLION

MT WERE TRANSPORTED THROUGH SUMED.

THE FOLLOWING ARE STATISTICS ISSUED BY SUMED ON APRIL 1, 1978.

A. CRUDE OIL PUMPED IN AT SOKHNA TERMINAL:

EXXON -- 51.4 PERCENT

MOBILE OIL -- 22.17 PERCENT

PETROFINA -- 11.22 PERCENT (BELGIAN FIRM)

AGIP -- 3.70 PERCENT

LATSIS -- 0.64 PERCENT (GREEK FIRM)

SUMED -- 10.91 PERCENT

B. CRUDE OIL PUMPED OUT AT SIDI KREIR TERMINAL:

EXXON -- 62.05 PERCENT

MOBILE OIL 23.11 PERCENT

PETROFINA -- 10.17 PERCENT

AGIP -- 2.77 PERCENT

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LATSIS -- 0.77 PERCENT

WILCO -- 1.82 PERCENT (U.K. FIRM)

C. CRUDE OIL TRANSPORTED THROUGH SUMED WAS SHIPPED TO THE  
FOLLOWING DESTINATIONS:

AUGUSTA -- 41.5 PERCENT

NW ITALIAN PORTS -- 13.0 PERCENT

NAPLES -- 15.0 PERCENT

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ACTION EB-08

INFO OCT-01 NEA-11 ISO-00 SOE-02 AID-05 CEA-01 CIAE-00

COME-00 DODE-00 DOE-15 H-01 INR-10 INT-05 L-03

NSAE-00 NSC-05 OMB-01 PM-05 ICA-11 OES-07 SP-02

SS-15 STR-07 TRSE-00 ACDA-12 /127 W

-----000856 171621Z /43

P 161050Z MAY 78

FM AMCONSUL ALEXANDRIA

TO SECSTATE WASHDC PRIORITY 1737

INFO AMEMBASSY CAIRO PRIORITY

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USA -- 8.4 PERCENT  
PHOSS -- 7.6 PERCENT  
MARSEILLES -- 4.2 PERCENT  
SALONIA -- 5.8 PERCENT  
TRIESTE -- 4.7 PERCENT

6. ADDITIONAL INFORMATION:

A. IN MARCH 1977 THE FIRST OF TWO 42-INCH SUMED PIPELINES BECAME OPERATIONAL WITH AN ANNUAL CAPACITY OF 40 MILLION METRIC TONS. ON JANUARY 1, 1978, THE SECOND SUMED PIPELINE BECAME OPERATIONAL WITH THE SAME CAPACITY AND WILL BE UTILIZED LATER IN 1978.  
B. BETWEEN MARCH 1, 1977, TO JANUARY 1, 1978, SUMED TRANSPORTED A TOTAL OF 20 MILLION TONS OF CRUDE FROM SOKHNA TO KRIER TERMINALS.

7. CONGEN DISCUSSED WITH MR. GAMAL EL-ASHMAWI, MARKETING GENERAL MANAGER OF SUMED, THE RUMOR THAT SUMED WOULD BUILD ANOTHER LINE. HE SAID THAT SUMED'S TWO LINES ARE READY FOR UTILIZATION BUT THAT FOR THE MOMENT THEY ARE UTILIZING ONLY ONE LINE. NO OTHER LINE WILL BE BUILT.  
THE COMPANY IS OPERATING AT 1/2 CAPACITY OF 40,000,000 MT ANNUALLY AND THEIR TARGET FOR 1978 IS 50,000,000 MT.  
HE SAID THAT THE MEDIUM BOOSTER PUMPING STATION WILL BE BUILT LIMITED OFFICIAL USE

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ONLY WHEN THE LINE REACHES ITS FULL INITIAL CAPACITY OF 80,000,000 MT ANNUALLY. THIS PUMPING STATION'S SITE IS AT EL-BADRASHEEN, NEAR CAIRO AND WILL RAISE THE LINES CAPACITY FROM 80 MILLION TONS TO 117 MILLION TONS ANNUALLY.

8. MR. ASHMAWI SAID THAT NO NEW CONTRACT FOR CRUDE TRANSPORT HAS BEEN SIGNED LATELY ALTHOUGH SEVERAL ARE PRESENTLY UNDER NEGOTIATIONS. THE STANDING CONTRACTS TO DATE ARE AS FOLLOWS:

- A. EXXON
- B. MOBILE OIL
- C. AGIP
- D. PETROFINA
- E. BRITISH PETROLEUM
- F. AMOCO OVERSEAS
- G. EGPC
- H. BABARAFT

ALTHOUGH HE STATED THAT THE TOTAL ANNUAL CRUDE OIL TRANSPORT VIA SUMED IS 40,000,000 METRIC TONS, HE DECLINED TO GIVE THE BREAKDOWN FIGURES FOR EACH CONTRACT ON THE BASIS THAT INDIVIDUAL COMPANIES WISH THIS INFORMATION TO REMAIN RESTRICTED.

9. FOLLOWING ARE TARRIFFS EFFECTIVE APRIL 1, 1978, IN US \$ FOR TRANSPORT OF CRUDE OIL VIA SUMED GIVEN IN METRIC TONS INCLUDING CUMULATIVE AVERAGES IN THE LIST (A) AND WITHOUT CUMULATIVE AVERAGES IN LIST (B).

A. QUANTITY MILLION MT TARIFF US \$/MT CUMULATIVE AVERAGE

US \$/MT

0.00-5.0	1.40	1.40
5.01-6.0	1.25	1.275
6.01-7.0	1.225	1.354
7.01-8.0	1.20	1.334
8.01-9.0	1.175	1.317
9.01-9.0	1.15	1.300

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10.01-11.0	1.10	1.282
11.01-12.0	1.05	1.263
12.01-13.0	1.00	1.242

13.01-14.0	0.95	1.221
14.01-15.0	0.90	1.200

? QUANTITY MILLION MT TARIFF US \$/MT

0.00-5.0	1.40
5.01-6.0	1.25
6.01-7.0	1.225
7.01-8.0	1.20
8.01-9.0	1.175
9.01-10.0	1.15
10.01-11.0	1.10
11.01-12.0	1.05
12.01-13.0	1.00
13.01-14.0	0.95
14.01-15.0	0.90

10. MR. ASHMAWI STATED THAT SUMED IS INTERESTED IN SELLING 300,000 METRIC TONS OF CRUDE OIL FOR DELIVERY IN MAY 1978: 100,000 MT ARABIAN LIGHT, QUALITY API EQUALS 34 SULPHUR WT 1.8 PERCENT AND 200,000 MT OF BASRAH MEDIUM, API EQUALS 29 SULPHUR WT 3 PERCENT. PRICES REQUIRED FOR ARABIAN LIGHT ARE \$13.15 AND FOR BASRAH MEDIUM \$12.20 PER BARREL. PRICES ARE QUOTED FOB SIDI KREIR.

11. CONGEN UNDERSTANDS THAT SUMED IS AUTHORIZED TO BUY AND SELL OIL USING ITS OWN REVENUES IN ACCORDANCE WITH PROVISIONS OF LAW NUMBER 7/1974 WHICH ESTABLISHED THE COMPANY. MCCLELLAND

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** INTELLIGENCE COLLECTION, PETROLEUM INDUSTRY, STOCKS (SECURITIES), BUSINESS FIRMS, PIPELINES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 16 may 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1978ALEXAN00370  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
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**Litigation Code IDs:**  
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**Message ID:** 4a5dc19c-c288-dd11-92da-001cc4696bcc  
**Office:** ACTION EB  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 5  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** 78 CAIRO 11159  
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**Review Content Flags:**  
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**Review Event:**  
**Review Exemptions:** n/a  
**Review Media Identifier:**  
**Review Release Date:** N/A  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**SAS ID:** 2684090  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** STATUS REPORT ON SUMED PIPELINE  
**TAGS:** ETRD, ENRG, EFIN, BBAK, EG, ARAB PETROLEUM PIPELINES CO  
**To:** STATE  
**Type:** TE  
**vdkgvwkey:** odbc://SAS/SAS.dbo.SAS\_Docs/4a5dc19c-c288-dd11-92da-001cc4696bcc  
**Review Markings:**  
Sheryl P. Walter  
Declassified/Released  
US Department of State  
EO Systematic Review  
20 Mar 2014  
**Markings:** Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014